



COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES

RICHMOND

Timothy D. Hugo
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40TH DISTRICT

COMMITTEE ASSIGNMENTS:
COMMERCE AND LABOR
TRANSPORTATION
FINANCE
SCIENCE & TECHNOLOGY

September 9, 2009

Gennet Purcell
Commissioner
Department of Insurance, Securities, and Banking
District of Columbia
810 First St., NE, Suite 701
Washington, DC 20002

Dear Commissioner Purcell:

I respectfully submit this letter in conjunction with your review of the reserves held by CareFirst. As a member of the Virginia House of Delegates representing a portion of the several hundred thousand Virginians covered by CareFirst, I wanted to express my concern regarding potential expenditure of reserves that were the result, in part, of premiums paid by residents of the Commonwealth of Virginia.

As you know, CareFirst provides coverage in the District of Columbia, Virginia, and Maryland. Since a fraction of CareFirst's members live in the District of Columbia (approximately 10%), the vast majority of the reserves that are at issue are the result of premiums paid by residents of Maryland and Virginia. Consequently, if a decision is rendered that finds CareFirst's reserves are excessive, directing the "excessive reserves" to programs that exclusively benefit the District of Columbia would require my constituents to subsidize these programs, which is obviously problematic from my perspective.

Several months ago, I joined with eight of my colleagues in the Virginia Assembly who represent CareFirst subscribers throughout Northern Virginia in a letter to the Chairman of the Council of the District of Columbia and Mayor Fenty asking them to collectively consider how their actions could affect all individuals who rely on CareFirst for insurance coverage. I would ask the very same of you during your deliberations regarding the appropriateness of the reserves held by CareFirst. Your decision has significant ramifications beyond the District of Columbia, and it is my hope, and the hope of my colleagues in

the Virginia General Assembly that you will give serious consideration to those concerns.

Thank you for your consideration on a matter that is of great importance to both of our jurisdictions.

Sincerely,

A handwritten signature in black ink that reads "Tim Hugo". The signature is written in a cursive style with a large, stylized "T" and "H".

Tim Hugo
Delegate
Virginia's 40th District